

Message Text

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43

ACTION AGR-20

INFO OCT-01 EUR-25 IO-14 ISO-00 AID-20 CIAE-00 COME-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 5301

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAGR, IT

SUBJECT: ITALIAN MEAT PROBLEMS

SECSTATE PASS AGRICULTURE

REF: ROME 7547

1. BEGIN SUMMARY: ITALIAN MEAT PROBLEMS CLOSELY LINKED TO
BALANCE OF PAYMENTS AND POLITICAL CONSIDERATIONS. HEREUNDER A
STATUS REPORT ON THE CONFUSED MEAT SITUATION. END SUMMARY.

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2. ITALIAN PRESS AND DISCUSSIONS WITH GOVERNMENT ENTITIES, BUTCHERS AND IMPORTERS' ASSOCIATIONS GIVE US FOLLOWING INDICATIONS OF POSSIBLE FORTHCOMING ACTIONS IN ITALIAN MEAT SECTOR.

3. IMPORTERS AND BUTCHERS ARE PRESSING FOR HIGHER PRICES, WHICH NOW ARE FROZEN. ROME BUTCHERS STRIKING COMPLETELY FROM JUNE 17-22 TO FORCE ISSUE. ONE PROPOSAL ASKS FOR LEAVING PRICE CONTROLS ON CHEAPER MEAT (FOREQUARTERS) WHILE ALLOWING PRICE ON QUALITY BEEF TO FLOAT. THIS NOT ACCEPTABLE POLITICALLY SINCE IT WOULD FORCE LOW INCOME ITALIANS TO CONSUME LOWER QUALITY MEAT.

4. THE MEAT IMPORTERS ARE STRIVING IN THE CASE OF BOVINE MEAT FOR ABOLISHMENT OF COMPENSATORY AMOUNTS WHICH WOULD RESULT FROM "GREEN LIRA" DEVALUATION OF 12.5 PERCENT.

5. EC REGULATIONS WHICH WE UNABLE TO PINPOINT ARE SAID TO FORCE ITALY ONLY TO EXPORT ITALIAN MEAT BOUGHT AT INTERVENTION PRICE AND STORED IN FREEZER STORAGE. PRESENTLY 20,000 TONS OF SUCH INTERVENTION MEAT STORED AND THERE IS HARDLY ROOM AVAILABLE FOR MORE MEAT.

POWERFUL (ALSO POLITICALLY) COLDIRETTI FARM ORGANIZATION PROPOSES AIMA (ITALIAN CCC) BUY BEEF AT INTERVENTION PRICES WITHOUT BRINGING BEEF TO FREEZER STORAGE BUT INSTEAD SELLING IT FRESH TO CONSUMERS. THIS WOULD PUT ITALIAN BEEF AT ADVANTAGE OVER IMPORTED BEEF BECAUSE OF HIGH MARK-UPS BY IMPORT TRADE.

7. DUTCH IDEA TO SHIP VEAL CALVES READY FOR SLAUGHTER IMPOSSIBLE BECAUSE OF SPECIAL TARIFF WHICH GIVES ADVANTAGE TO HAVING VEAL CALVES FINISHED IN ITALY.

8. COMMENTARY: WITH LAST YEAR'S ITALIAN MEAT IMPORTS VALUED AT \$1.7 BILLION AND IN VIEW OF SERIOUS DEFICIT IN ITALY'S BAALANCE OF PAYMENTS, ITALIAN MEAT IMPORTS HOT ISSUE ALL AROUND. MEANWHILE, ITALIAN PLANS TO STIMULATE NATIONAL MEAT PRODUCTION CONFUSED BY LACK OF AVAILABLE FUNDS TO REALIZE SUCH PLANS, AS WELL AS EMPHASIS ON POLITICAL CONSIDERATIONS WHICH NOT ALWAYS CONDUCIVE TO REALISTIC PLANNING AS TO WHAT CAN BE ACHIEVED BEST. IMPORTANCE OF FOOD AND AGRICULTURE IN PRESENT ECONOMIC CRISIS EVIDENCED

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BY FACT THAT FAILURE OF GOVERNMENT COALITION TO REACH AGREEMENT ON AGRICULTURAL POLICY DURING JUNE 7-10 INTERMINISTERIAL MEETINGS WAS FACTOR IN RESIGNATION OF 5TH RUMOR GOVERNMENT. WE SHALL CONTINUE DISCUSSIONS AND KEEP ALERT AS TO DEVELOPMENTS WITH EYE ON OUR OWN US BEEF AND LIVESTOCK SECTOR.BEAUDRY

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